

10 Trinity Square Hotel Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 08064685



10 Trinity Square Hotel Limited

Company Information

Directors Woraphanit Ruayrungruang
Yi-Chun Lai

Company secretary Cornhill Secretaries Limited

Registered number 08064685

Registered office 5 Market Yard Mews
194-204 Bermondsey Street
London
SE1 3TQ

Independent auditor BDO LLP
Statutory Auditor
55 Baker Street
London
W1U 7EU

10 Trinity Square Hotel Limited

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10 Trinity Square Hotel Limited

Strategic Report For the year ended 31 December 2020

Introduction

The directors present their Strategic report together with the audited financial statements for the year ended 31 December 2020.

The principal activity of the Company is the operation of a five-star hotel in central London (at Trinity Square) from an iconic heritage building. It offers hotel accommodation, two michelin star restaurants and a wide range of a la carte services. The hotel is operated under a management agreement with Four-Seasons.

Business review

The Statement of comprehensive income is set out on page 11 and shows a turnover for the year of £7,662,996 (2019: £26,724,314) which represents a 71% decrease on the prior year. Operating loss for the year was £3,847,561 (2019: £468,103).

The business is in its early stages of development and in line with similar assets, and on the assumption conditions return to pre-COVID-19 conditions, is expected to grow strongly towards a stabilised level of profitability and turnover in line with the five year business plan.

Principal risks and uncertainties

The trading performance of the Company reflects the impact and balance of domestic and international travel to London as both a business and leisure destination. Global events significantly affect hospitality, and we have witnessed the impact of Covid-19 that continues into 2021. The market indicators represent the recovery of occupancy to occur over the next two to four years.

The Company monitors its cashflow as part of its day to day control procedures and re-forecasts for the remainder of the financial year is prepared each month to ensure adequate facilities will be made available to meet the Company's liabilities as they fall due.

10 Trinity Square Hotel Limited

Strategic Report (continued) For the year ended 31 December 2020

Economic downturn

The COVID-19 outbreak in Q1 2020 has had a significant impact on the operations of the hotel, as it has with all UK hotels. It is too early to know the precise impact this will have on trading for the years ahead, as the situation is constantly evolving. However, the directors are taking comprehensive steps to ensure that the business is able to continue in operation for the foreseeable future. In line with the Governments lockdown requirements on 23 March 2020, the group closed the facilities of the Hotel. The Hotel would be fully shut for over 5 months, until 01 September 2020. Long stay guests within Residential Rental units remained during closure.

As lockdown eases, the directors are looking to reopen the facilities of the hotel in line with the government's health and safety requirements and guidelines, including the management of social distancing requirements. It is expected that the hotel will fully reopen on 19th July 2021.

In light of the above and impact on access to the hotel including recognizing no income from revenue generating activities since lockdown, the directors have taken a number of steps to mitigate the impact on group's activities and future cash flows of the Company. Further, detailed cash flow forecasts covering the next twelve months have been prepared and tested to ensure the cash requirements of the hotel can be managed and met.

While preparing the cash flow forecasts the directors have taken this opportunity to look at cost reductions and savings within all operations. Areas where we have taken action in this respect include the following:

- Delayed payment arrangements with key suppliers.
- Renegotiated and reduced contractual services where applicable
- Strategic hiring and job responsibility consolidation
- Reduced spending & cost control across all areas.
- Reduced services where applicable.
- Property maintenance in order to control utility costs.
- Capital maintenance projects have been reviewed and postponed until future dates apart from projects that had already commenced.
- Business rates relief and VAT deferral for the period these are available
- Reduced VAT % for hospitality accommodation and Food sales as of 15 July 2020

Further, the directors have taken advantage of the Government's Furlough arrangements, under the Coronavirus Job Retention scheme supporting employer payroll costs for the hotel (extended until September 2021).

It is the expectation of the directors that operations will be able to quickly resume with improved efficiencies and cost saving measures once the restrictions in relation to COVID-19 are eased and the hotel facilities are fully reopened. The directors are therefore confident that the company will be able to continue in operation for at least 12 months from the date of signing the financial statements.

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Strategic Report (continued) For the year ended 31 December 2020

Key performance indicators

People – At the core of Ten Trinity Square Hotel Limited are the people. The prior year includes people-related KPI's, focused on improving our staff's ability to act proactively, engage guests, and provide a superior level of service and align the organisation by building a culture of leadership behaviours. This will be achieved by:

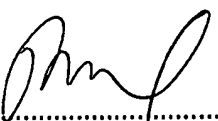
- Maintaining employee communications and protecting employment during pandemic-driven closures by utilizing government job retention programs.
- Focusing on employee, guest, vendor and member safety by implementing Covid-19 'Lead with Care' parameters, created by Four Seasons in conjunction with Johns Hopkins University.
- Reopening spaces when possible and cross-training team members to be flexible as the hotel is able to reopen after pandemic-driven closures.

Product – Ten Trinity Square Hotel Limited is constantly striving to deliver the highest in guest satisfaction. This is reviewed and assessed daily with the operations team. 2020 focused primarily on implementing and maintaining the highest standard of Covid-19 protocols via 'Lead with Care' to protect employee and guests when both open and closed to the public.

- Focus on Operational Service Standards
- Perform regular Standards Training Audits / Tests for consistency
- Provide world-leading Covid-19 product initiatives to maximize guest and employee safety

The result of achieving People and Product KPI's, is a significant growth in Revenue, Gross Operating Profit and Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA). These metrics are vital to measuring the success of Ten Trinity Square Hotel Limited to its stakeholders. The performance in 2020 was negatively impacted due to the travel restrictions and government-mandated closures.

This report was approved by the board and signed on its behalf.


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Woraphanit Ruayrungruang
Director

Date: 15 July 2021

10 Trinity Square Hotel Limited

Directors' Report For the year ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £3,847,561 (2019 - £468,103).

The directors do not recommend payment of a dividend for the year (2019: £Nil).

Directors

The directors who served during the year were:

Woraphanit Ruayrungruang
Yi-Chun Lai

Future developments

The directors and senior management team continue to seek and implement initiatives to drive increased occupancy and room rates, as well as placing strong emphasis on cost management.

10 Trinity Square Hotel Limited

Directors' Report (continued) For the year ended 31 December 2020

Employee involvement

Ten Trinity Square implements several measures to engage, develop, and communicate with employees on a daily basis. Throughout the hotel, there are morning briefings, departmental huddles, and information passes that occur to verify all individuals receive the pertinent information. We have also included monitors in staff corridors that share pertinent information and updates around the hotel. The hotel is also utilizing multiple technology implementations such as Microsoft Teams, Sharepoint, and Yammer to increase engagement.

The Company also has platforms for utilizing unique benefits, view for transfer/promotion opportunities, and apprenticeship opportunities for employees.

Furthermore, every employee takes part in an introductory session, has a training checklist, standards tests, and annual appraisals. The departments are also required to have attendance at weekly business strategy meetings, monthly Direct Feedback meetings, and monthly Health and Safety meetings. Lastly, each department is required to provide real time feedback to employees every month.

Four Seasons also invites employees to take part in two surveys of their work experience. The surveys includes several questions regarding quality of work, work life balance, and satisfaction. The participation was 230 responses in 2020, with average favorability at 92%. The two surveys provided during closure in 2020 has 15 questions to gauge employee attitudes.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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Directors' Report (continued) For the year ended 31 December 2020

Going concern

The COVID-19 outbreak in Q1 2020 has had a significant impact on the operations of the hotel during the year, as it has with all UK hotels. It is too early to know the longer term impact this will have on trading for the year ended 2021 and the years ahead, as the situation is constantly evolving. However, as noted in the Strategic report, the directors have taken and continue to take comprehensive steps to ensure that the business is able to continue in operations for the foreseeable future. The directors have modelled cashflow forecasts which include the ramp up of trade over the coming months albeit to a lower level than previously achieved. These forecasts, however, include a significant level of judgement specifically around occupancy levels and achievable rates. From stress testing the cash flow forecasts, the directors note, despite the Cost saving measures noted in the Strategic Report, additional funding will be required.

The Company is fortunate to benefit from the strong support of Reignwood International Investments (Group) company Limited ("RIIG"), overseas parent entity and its shareholders. The directors have taken into account the fact they have obtained guarantee from RIIG to continue to provide financial support to the Company for the foreseeable future, if required, in any event for a period of not less than twelve months from the date of approval of these financial statements. The expectation of the directors is therefore, that the Company will be able to meet liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements.


It is, however, difficult to estimate how the COVID-19 outbreak will continue to impact Hotel trading and for how long, and the directors consider this as the key uncertainty over which they have no control. In the event that the hotel trading levels take longer to pick up than the forecast scenarios and the guarantee obtained from RIIG is not fulfilled when required (directors believe occurring of both events at the same time as very unlikely), then the Company would need to seek alternative financial support. As a result, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



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Woraphanit Ruayrungruang
Director

Date: 15 July 2021

10 Trinity Square Hotel Limited

Independent Auditor's Report to the Members of 10 Trinity Square Hotel Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of 10 Trinity Square Hotel Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2.2 to the financial statements, which indicates the directors' considerations over going concern including the potential impacts of COVID-19 and that the Company is reliant on funding from its parent company not being called in and further funding requirements. Despite the parent company providing a guarantee of this financial support, there is no certainty that this support will be forthcoming, failing which the company would need to seek alternative financial support. As stated in note 2.2, these events or conditions, along with other matters as set out in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

10 Trinity Square Hotel Limited

Independent Auditor's Report to the Members of 10 Trinity Square Hotel Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

10 Trinity Square Hotel Limited

Independent Auditor's Report to the Members of 10 Trinity Square Hotel Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the procedures and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free of fraud or error.
- Based on the understanding obtained we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of local and group Management, review of Board minutes, and reviews of relevant correspondence.
- We tested journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Company.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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Independent Auditor's Report to the Members of 10 Trinity Square Hotel Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Simon Peter Fowles

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Simon Fowles (Senior Statutory Auditor)

For and on behalf of of BDO LLP

Statutory Auditor

London, UK

Date: 15 July 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

10 Trinity Square Hotel Limited

Statement of Comprehensive Income For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	7,662,996	26,724,314
Cost of sales		(858,631)	(3,559,379)
Gross profit		6,804,365	23,164,935
Administrative expenses		(13,535,609)	(23,633,038)
Other income	5	2,883,683	-
Operating loss	6	(3,847,561)	(468,103)
Tax on loss	9	-	-
Loss for the financial year		(3,847,561)	(468,103)

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 15 to 25 form part of these financial statements.

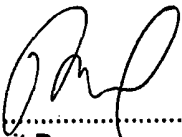
10 Trinity Square Hotel Limited

Registered number:08064685

Statement of Financial Position As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	10		627,372		427,765
			<u>627,372</u>		<u>427,765</u>
Current assets					
Stocks	11	608,906		609,452	
Debtors: amounts falling due within one year	12	3,458,879		4,318,275	
Cash at bank and in hand	13	370,939		1,330,487	
		<u>4,438,724</u>		<u>6,258,214</u>	
Creditors: amounts falling due within one year	14	(17,824,571)		(15,596,893)	
Net current liabilities			<u>(13,385,847)</u>		<u>(9,338,679)</u>
Total assets less current liabilities			<u>(12,758,475)</u>		<u>(8,910,914)</u>
Net liabilities			<u>(12,758,475)</u>		<u>(8,910,914)</u>
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account			<u>(12,758,476)</u>		<u>(8,910,915)</u>
			<u>(12,758,475)</u>		<u>(8,910,914)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Woraphanit Ruayrungruang
 Director

Date: 15 July 2021

The notes on pages 15 to 25 form part of these financial statements.

10 Trinity Square Hotel Limited

Statement of Changes in Equity For the year ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	(8,442,812)	(8,442,811)
Loss for the year	-	(468,103)	(468,103)
At 1 January 2020	1	(8,910,915)	(8,910,914)
Loss for the year	-	(3,847,561)	(3,847,561)
At 31 December 2020	1	(12,758,476)	(12,758,475)

The notes on pages 15 to 25 form part of these financial statements.

10 Trinity Square Hotel Limited

Statement of Cash Flows For the year ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(3,847,561)	(468,103)
Adjustments for:		
Depreciation of tangible assets	216,775	53,693
Government grants	(2,883,683)	-
Decrease/(increase) in stocks	546	(290,301)
Decrease in debtors	549,477	198,561
(Increase) in amounts owed by related entities	51,141	(1,246,607)
(Decrease)/increase in creditors	(51,646)	1,771,071
Increase in amounts owed to related entities	2,538,102	463,968
Net cash generated from operating activities	(3,426,849)	482,282
Cash flows from investing activities		
Purchase of tangible fixed assets	(416,382)	(210,977)
Government grants received	2,883,683	-
Net cash from investing activities	2,467,301	(210,977)
Net (decrease)/increase in cash and cash equivalents	(959,548)	271,305
Cash and cash equivalents at beginning of year	1,330,487	1,059,182
Cash and cash equivalents at the end of year	370,939	1,330,487
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	370,939	1,330,487
	370,939	1,330,487

The notes on pages 15 to 25 form part of these financial statements.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2020 and are presented to the nearest pound.

The Company is a United Kingdom private company limited by shares and is incorporated in England. The address of its registered office is 5 Market Yard Mews, 194-204 Bermondsey Street, London, SE1 3TQ and its principal place of business is 10 Trinity Square, London EC3N 4AJ.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The COVID-19 outbreak in Q1 2020 has had a significant impact on the operations of the hotel during the year, as it has with all UK hotels. It is too early to know the longer term impact this will have on trading for the year ended 2021 and the years ahead, as the situation is constantly evolving. However, as noted in the Strategic report, the directors have taken and continue to take comprehensive steps to ensure that the business is able to continue in operation for the foreseeable future. The directors have modelled cashflow forecasts which include the ramp up of trade over the coming months albeit to a lower level than previously achieved. These forecasts, however, include a significant level of judgement specifically around occupancy levels and achievable rates. From stress testing the cash flow forecasts, the directors note, despite the Cost saving measures noted in the Strategic Report, additional funding will be required.

The Company is fortunate to benefit from the strong support of Reignwood International Investments (Group) company Limited ("RIIG"), overseas parent entity and its shareholders. The directors have taken into account the fact that they have obtained guarantee from RIIG to continue to provide financial support in the form of existing funding not being called in and further funding requirements to the Company for the foreseeable future, if required, in any event for a period of not less than twelve months from the date of approval of these financial statements. The expectation of the directors is therefore, that the Company will be able to meet liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements.

It is, however, difficult to estimate how the COVID-19 outbreak will impact Hotel trading and for how long, and the directors consider this as the key uncertainty over which they have no control. In the event that the hotel trading levels take longer to pick up than the forecast scenarios and the guarantee obtained from RIIG is not fulfilled when required (directors believe occurring of both events at the same time as very unlikely), then the Company would need to seek alternative financial support. As a result, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Room revenues are recognised on the date of occupancy.

Function revenues are recognised on the date of the function.

Food and beverage revenues are recognised on the date of service.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 10% - 33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.10 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Taxation

Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

In the opinion of the directors, the recoverability of deferred tax assets is a critical judgement. The directors have concluded that recoverability in the next 12 months is uncertain and therefore deferred tax assets are not recognised.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Food and beverage	2,313,920	8,050,184
Room revenue	3,665,275	13,500,665
Functions	496,461	3,208,885
Other revenue	1,187,340	1,964,580
	<u>7,662,996</u>	<u>26,724,314</u>

All turnover arose within the United Kingdom.

5. Other income

	2020 £	2019 £
Government grant income	<u>2,883,683</u>	<u>-</u>

6. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation	216,775	53,693
Other operating lease rentals	<u>200,000</u>	<u>1,921,644</u>

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>29,500</u>	<u>28,750</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	5,230	4,910
All other services	1,700	1,650
	<u>6,930</u>	<u>6,560</u>

8. Employees

	2020 £	2019 £
Wages and salaries	7,610,913	10,958,587
Social security costs	609,500	932,794
Cost of defined contribution scheme	209,000	225,303
	<u>8,429,413</u>	<u>12,116,684</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Hotel employees	<u>267</u>	<u>309</u>

The directors did not receive any remuneration during the year (2019 - £Nil).

The directors do not consider there to be any key management personnel other than the directors.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

9. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on losses for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(3,847,561)	(468,103)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(731,037)	(88,940)
Effects of:		
Expenses not deductible for tax purposes	2,121	9,723
Fixed asset differences	22,128	-
Deferred tax not recognised	687,210	63,642
Transfer pricing adjustments	19,578	15,575
Total tax charge for the year	-	-

Factors that may affect future tax charges

A deferred tax asset in relation to losses carried forward of £12,306,050 (2019: £8,624,766) has not been recognised due to the uncertainty of it crystallising in the near future.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

10. Tangible fixed assets

	Fixtures and fittings £
Cost or valuation	
At 1 January 2020	493,116
Additions	416,382
At 31 December 2020	<u>909,498</u>
Depreciation	
At 1 January 2020	65,351
Charge for the year on owned assets	216,775
At 31 December 2020	<u>282,126</u>
Net book value	
At 31 December 2020	<u><u>627,372</u></u>
At 31 December 2019	<u><u>427,765</u></u>

11. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u><u>608,906</u></u>	<u><u>609,452</u></u>

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

12. Debtors

	2020 £	2019 £
Trade debtors	669,488	1,099,362
Amounts owed by group undertakings	2,356,940	2,408,081
Other debtors	147,504	203,538
Prepayments and accrued income	255,441	488,252
Other taxes and social security recoverable	29,506	119,042
	<u>3,458,879</u>	<u>4,318,275</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>370,939</u>	<u>1,330,487</u>

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,897,096	1,247,981
Amounts owed to group undertakings	12,517,784	9,979,682
Other taxation and social security	606,742	595,332
Other creditors	438,733	595,218
Accruals and deferred income	2,364,216	3,178,680
	<u>17,824,571</u>	<u>15,596,893</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

15. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) ordinary share of £1.00	<u>1</u>	<u>1</u>

16. Contingent liabilities

The Company has granted a fixed and floating charge over all assets of the Company to Deutsche Bank AG in respect of a loan granted to a fellow group company.

17. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £209,000 (2019 - £225,303). Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the reporting date.

18. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	3,044,013	3,042,370
Later than 1 year and not later than 5 years	1,669,223	5,575,332
	<u>4,713,236</u>	<u>8,617,702</u>

19. Related party transactions

The Company has taken advantage of the exemption contained in FRS 102 not to disclose transactions with other wholly owned members of the group headed by Bullet Investments Limited.

At the balance sheet date the Company was owed £Nil (2019: £393,063) by Reignwood Investments UK Limited, a company under common control.

10 Trinity Square Hotel Limited

Notes to the Financial Statements For the year ended 31 December 2020

20. Controlling party

Bullet Investments Limited, incorporated in the Isle of Man, is the parent company. Reignwood International Holdings Company Limited, incorporated in The British Virgin Islands, is the ultimate holding company.

The largest group in which the results of the Company are consolidated is that headed by Reignwood International Holdings Company Limited and the smallest is Bullet Investments Limited. A copy of these consolidated accounts may be obtained from the Company's registered office.

Dr. Chanchai Ruayrungruang is the ultimate controlling party.